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Warming threat disclosures sought; The SEC is being asked to require that investors be told by companies of the potential effect of the phenomenon.

By Marc Lifsher, Times Staff Writer

A coalition of environmentalists, state officials and pension-fund managers is urging the Securities and Exchange Commission to ensure that investors get more information from oil companies, insurers and other publicly traded companies about how global warming might affect their bottom lines.

The group, which includes California Treasurer Bill Lockyer and Controller John Chiang, said it would submit a petition to regulators today seeking stringent disclosure of the potential risks and rewards from climate change.

"Climate risk cuts across every industry in every part of the world," Lockyer said. "There's certainly a growing awareness of the importance of these disclosures."

Two groups that have signed the petition -- the California Public Employees' Retirement System and the California State Teachers' Retirement System, with combined portfolios worth almost \$500 billion -- are particularly vulnerable to potential global warming-related losses if they do not have access to information about the companies they invest in, Lockyer said.

Recent disasters such as 2005's Hurricane Katrina underscore the need for corporations, especially those along the Atlantic and Gulf coasts, to let investors know about the threat of warming oceans and rising seas, said Mindy Lubber, the president of Ceres, a Boston-based alliance of investors and environmental groups. Many climate experts have blamed the ferocity of recent hurricanes on rising ocean temperatures.

Lubber said her group and others have been pushing the SEC for four years to consider adding the implications of global warming to a batch of financial disclosures -- including legal judgments, pension liabilities and executive compensation -- that publicly traded corporations must file with regulators. "They've said they would look into it," she said. "But there was no clear response."

SEC spokesman John Heine declined to comment on the petition ahead of its filing. The California Chamber of Commerce, California Manufacturers Assn. and the American Petroleum Institute also said they needed to study the filing before commenting.

That reticence is understandable, given that businesses may not be eager to begin filing detailed descriptions of potential global warming-related liabilities, said Charles M. Elson, director of the Weinberg Center for Corporate Governance at the University of Delaware: "Anything you say in a disclosure statement that turns out to be incorrect winds up as a potential liability. That's a concern."

Elson said he could see good arguments for both sides in the debate over requiring more global warming-related disclosures from companies.

"Some industries probably disclose it anyway, given that it's directly related to their operations. Certainly, the availability of alternative sources is a relevant disclosure for an oil company. But, for other industries, it's unclear," he said.

A 2006 study by Friends of the Earth, an environmental group, showed that 49% of more than 100 companies in five industrial sectors voluntarily made some mention of global warming in their previous year filings with the SEC. That's up from 26% in 2000, the report said.

The most complete disclosure came from oil and electric power industries, while insurance, petrochemical and automobile companies disclosed the least information, the report said.

Some companies might not realize that reporting on the effect of global warming could have its upside, said David Crane, special advisor for jobs and the economy to Gov. Arnold Schwarzenegger. Disclosures can also tell potential investors about new products and processes that a company develops to combat global warming and earn profits.

"It's a very healthy thing," said Crane, a former investment banker. "As an investor, I like knowing as much as I can about enterprises."

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